



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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**AS APPROVED**

**To:** Local Government Self Insurance  
Property and Liability Advisory Board

**From:** John Nicholson  
Local Government Self Insurance  
Program Administrator

**Subject:** Property and Liability Advisory Board  
June 29, 2005 Meeting Minutes

**PROPERTY AND LIABILITY BOARD MEMBERS PRESENT**

David Canfield	Canfield and Associates
Allen Hatten	Washington State Transit Insurance Pool
Mark Kammers	Washington Governmental Entities Pool
Margaret Lesser	City of Bremerton
Glenn Sugiyama	City of Redmond

**EX OFFICIO PRESENT**

John Nicholson	Office of Financial Management Risk Management Division
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**EX OFFICIO ABSENT**

Christopher Carlson	Office of the Insurance Commissioner
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**GUESTS**

Paul Chasco	Association of Washington Cities
Jim Chef	Canfield and Associates
Mary Ellen Combo	State Attorney General's Office
John Crawford	Canfield and Associates
Ron Franz	Washington State Transportation Insurance Pool
David Hayasaka	Washington Schools Risk Management Pool
Vyrle Hill	Washington Counties Risk Pool
Ray Lettus	Washington Schools Risk Management Pool
Eric Larson	Washington Cities Insurance Authority
Lew Leigh	Washington Cities Insurance Authority
Don Johnsen	Office of Financial Management Risk Management Division
Roselyn Marcus	Office of Financial Management
Jim Rochel	SW Washington Risk Management Insurance Cooperative
Julius Scoggins	HARRP
Greg Scukas	PricewaterhouseCoopers
Kevin Wick	PricewaterhouseCoopers

## **CALL TO ORDER**

Chair Lesser called meeting to order at 9:30 a.m.

## **APPROVAL OF PREVIOUS BOARD MEETING MINUTES**

The Board approved the December 17, 2004 meeting minutes.

## **STAFF REPORT**

John Nicholson announced Kathy Mix, former State Chief Deputy Attorney General was recently named by the Governor to serve as Senior Assistant Director for Risk Management and Contracts. The appointment reflects Governor Gregoire's continued commitment to a significantly increased role for risk management in state government policy, budgeting and operations. John noted that while outstanding liabilities against the State continue very substantial, this year's actuarial analysis projects a 10.6% decrease after last year's 6.7% decrease. A 5% decrease in excess insurance premium with a lower SIR was negotiated. Reductions also included 12.5% on marine and 20% on property premiums.

John discussed the current level 2005-07 Division budget and noted increases only include normal inflation and the modest salary adjustment approved by the Legislature. The first half of the 05-06 assessment will be mailed in July. All pool quarterly and annual financial reports continue timely. John reviewed all program charts for each of the four financial analysis ratios and observed that all pools are in better financial condition than one year ago noting this spoke well for the industry. The two pools in run off are also being well administered. The legislature reappropriated the lapsed \$1 million housing authority risk retention pool funding.

## **RISK POOL ASSOCIATE MEMBER DRAFT GUIDELINE**

John Nicholson discussed the number of local government and public agency non-pool members contracting risk management services from pools. The Attorney General's Office and counsels for Office of the Insurance Commissioner and Office of Financial Management have agreed authority for these 'associate members' is granted to pools in RCW 48.62.011 with pool and associate member board action required. The State Auditor's Office has questioned the basis for allowing entities 'not eligible to be members' to be associate members.

A draft guideline developed by the SRM/AGO to provide a common understanding of the statutory basis of sharing services and/or risk divided associate members into: local government entities identified in RCW 48.62; public agencies identified in RCW 39.34; and those government entities having other identifiable specific statutory authority to join a public risk pool. After discussing extent to which some services currently being provided to some of these groups may include risk sharing, it was agreed the draft would be revised and brought to the next meeting for further discussion.

## **GUIDELINE CHANGES RE RISK POOL CONTRACT INDEBTEDNESS**

John Nicholson congratulated Julius Scoggins on passage of HB 1356, sponsored by HARRP, authorizing risk pools to issue revenue anticipation bonds to increase pool surplus and fully self-insure liability rather than continue with the reinsurance market's continuing significant cost increases. John discussed proposed revisions to the existing guidelines for program changes and financial soundness including prior notification to the State Risk Manager by risk pools considering or intending this course of action. There was discussion whether prior SRM review/approval was necessary given the extent to which bond counsels and the market directed such activities and the extent to which this usurped risk pool board authority. John confirmed that given the profound effect such a decision could have on pool solvency, LGSI would need to be involved as early as possible in the deliberations of pools considering this course of action. Suggested changes to the two guidelines will be incorporated in a new draft to be reviewed at the next meeting.

## **NEXT MEETING**

Next meeting date and place to be announced.

## **ADJOURN**

The meeting adjourned 12:00 pm.